

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
Proposing Terms Under Which Noncore Gas
Consumers May Elect Core Gas Service. In
Compliance with Ordering Paragraph 3 of
Resolution G-3318.

Application 02-11-028
(Filed November 18, 2002)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

Summary

This Ruling sets forth the procedural schedule, assigns a principal hearing officer, and addresses the scope of the proceeding. This ruling follows a prehearing conference (PHC) held on March 17, 2003 (continued to March 28, 2003), pursuant to Rules 6(a) and 6.3 of the Commission's Rules of Practice and Procedure.

Background

On November 18, 2002, Pacific Gas and Electric Company (PG&E) filed Application (A.) 02-11-028 to propose terms under which noncore customers on PG&E's system may elect core gas service. This application was filed in compliance with Ordering Paragraph 3 of Commission Resolution G-3318, adopted on August 22, 2002, which denied PG&E's request to prohibit noncore customers consuming over three million therms per year from electing core service and to require eligible noncore customers electing core service to commit to a five-year term on the basis that a formal application is the proper means by which to evaluate PG&E's proposal. Also on August 22, 2002, the Commission

adopted Decision (D.) 02-08-065, which, among other things, adopted rules for noncore-to-core transfers on the gas systems of Southern California Gas Company (SoCalGas) and San Diego Gas and Electric Company (SDG&E).

In A.02-11-028, PG&E proposes to: (1) prohibit electric generation, cogeneration, refinery and Enhanced Oil Recovery customers with historical or potential annual usage that exceeds 250,000 therms from electing core service; and (2) require all other noncore customers that are eligible and do elect core service to commit to a five-year term as a core customer. On March 21, 2003, PG&E filed a supplement to the application, in which it proposes certain additional tariff changes which it believes flow from the application. In particular, PG&E proposes to revise Rule 12.E.1.a to eliminate the automatic, mandatory reclassification of noncore customers to core if they do not meet the minimum usage requirements.

On November 21, 2002, the Commission issued Resolution ALJ 176-3101 preliminarily categorizing this proceeding as ratesetting with a need for hearing. PG&E recommends that the proceeding be categorized as a quasi-legislative proceeding because it will only establish the rules by which noncore customers can elect core service and will not affect rates. Because similar issues have already been addressed for SoCalGas and SDG&E in D.02-08-065, PG&E requests that the application be considered and approved on an ex parte basis.

The Commission's Office of Ratepayer Advocates (ORA) and the Utility Reform Network (TURN) filed timely protests to PG&E's application. ORA agrees with PG&E's assessment regarding the categorization and need for hearing, but disagreed with PG&E's proposed schedule. TURN suggested that hearings might be necessary to address the issue of whether a "cross-over" rate should be applied to customers electing to switch from noncore service to core

service for the first year after switching, and recommends that the proceeding be categorized as ratesetting.

Scope of Proceeding

The issues to be considered in this proceeding include whether to approve PG&E's proposed tariffs, and whether to adopt a "cross-over" rate. As agreed to by the parties at the PHC, the issues will be decided through a briefing schedule and no hearings will be necessary. Since the issue of a "cross-over" rate is included in the scope of this proceeding, the proceeding should be categorized as ratesetting, consistent with the preliminary determination adopted by the Commission in ALJ 176-3101.

Schedule

The schedule for the proceeding is as follows:

May 16, 2003	Opening Briefs Filed
June 6, 2003	Reply Briefs filed and Projected Submission date
October, 2003	Final Decision

Category of Proceeding and Need for Hearing

This ruling confirms the Commission's preliminary finding in Resolution ALJ 176-3101, that the category of this case is ratesetting, however, this ruling finds that the determination on the need for hearing should be changed to reflect that no hearings are necessary. Since there is no need for a hearing in this proceeding, the rules and procedures in Article 2.5 no longer apply to this proceeding except for matters covered by the scoping memo incorporated into this ruling pursuant to Rule 6.6. Since this ruling contains a final determination that a hearing is not required in this proceeding, there are no restrictions on ex parte communications in this proceeding, and there is no need to report any ex

parte communications that occur. This ruling, only as to category, is appealable under the procedures in Rule 6.4.

Request for Additional Information

This Ruling also serves to confirm the Administrative Law Judge's April 7, 2003, electronic ruling requesting additional information. Consistent with the ruling, PG&E is expected to submit responses to the following questions and information requests by April 11, 2003:

1. Quantify the estimated impact of noncore migration on current and future core rates and incremental costs under at least three migration scenarios (e.g., assuming 20%, 50% and 70% of eligible noncore customers migrate) based upon PG&E's proposed restrictions using price estimates if incremental supply must be purchased at citygate or the California border.
2. What is the total quantity of gas in therms currently eligible to convert from noncore to core service under the proposed tariff?
3. Provide an estimate of the cost of "establishing and maintaining" a cross-over rate.

Electronic Service Protocols

At the PHC, the parties agreed to adopt an electronic service protocol for this proceeding. All documents may be served in electronic form on those parties that provided an electronic mail address to the Commission. Any party that also wishes to receive documents in a paper format may make that wish known by filing and serving a notice to that effect. All parties shall honor such requests. Paper format copies shall be served on the Assigned Commissioner and the assigned Administrative Law Judge.

Therefore, **IT IS RULED** that:

1. This scope and schedule of this proceeding are as set forth in the foregoing discussion.
2. This proceeding is categorized as ratesetting.
3. There shall be no hearing in this proceeding.
4. Article 2.5 of the Commission's Rules no longer applies to this proceeding except for matters covered by the scoping memo incorporated into this ruling.
5. Parties may serve documents in electronic form to those parties that provided an electronic mail address to the Commission consistent with the foregoing discussion.
6. A final Commission decision shall be scheduled for issuance during October 2003. In no event shall a final decision in this proceeding be issued any later than 18 months after Application 02-11-028 was filed.

Dated April 14, 2003, at San Francisco, California.

/s/ GEOFFREY F. BROWN

Geoffrey F. Brown
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner on all parties of record in this proceeding or their attorneys of record.

Dated April 14, 2003, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.